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UNCLAS ZAGREB 000525

SIPDIS

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DEPARTMENT FOR S/GAC AND EUR/PGI/BRETT POMAINVILLE
BUDAPEST FOR KARYN POSNER-MULLEN

E.O. 12958: N/A

TAGS: [KHIV](#) [PHUM](#) [PGOV](#) [HR](#)

SUBJECT: HIV/AIDS IN CROATIA: GOC FULLY FUNDS DRUG THERAPY
DESPITE HIGH COSTS

REF: (A) 04 ZAGREB 2171 (B) ZAGREB 0036

SUMMARY AND COMMENT

1. The GoC currently spends approximately \$2 million per year to provide anti-retroviral drug (ARV) therapy to 218 individuals known to be living with AIDS in Croatia. Funding drug therapy is the GoC's primary contribution to the fight against HIV/AIDS; fortunately, the Global Fund has covered budget shortfalls for education and outreach. Only top-end designer ARV drugs are available on the Croatian market; as a result, prices are high both by local and EU standards. Nonetheless, the national health insurance system thus far has been able to provide drug therapy whenever necessary. So long as the number of cases remains small, two possible cost-saving measures -- importing generics or building a regional drug market -- have been slow to attract GoC attention.

2. This is the last in a series of three cables looking at HIV/AIDS in Croatia. A snapshot of the current situation and Croatia's National Action Plan on HIV/AIDS (ref A) and a report on Global Fund efforts to expand free, anonymous testing (ref B) were reported reftel. END SUMMARY AND COMMENT.

DRUG TREATMENT TOPS THE LIST OF PRIORITIES

3. Ensuring continuity of care for the 218 individuals in Croatia known to be living with AIDS is a top priority of the 2003-5 National Action Plan on HIV/AIDS. ARV drug therapy costs approximately 5,000 kuna per patient per month (approximately \$10,000 per year) depending on the drug combination used. The national health insurance system treats ARV drugs just like any others with no separate budget for HIV/AIDS treatment. The total cost of ARV treatment is approximately \$2 million per year. All drugs are prescribed and delivered through the Zagreb Clinic for Infectious Diseases -- patients have no co-financing requirement and are only required to appear in person in Zagreb to receive drugs. The Clinic has special programs to provide drugs to prisoners and asylum seekers who are unable to appear in person at the Clinic. In addition to providing drug therapy, the insurance system also finances counseling services and long-term case management. The Ministry of Health maintains a far smaller budget (less than 5% of total HIV/AIDS expenditure) for prevention programs.

REGISTRATION HARDLY COST EFFECTIVE FOR DEVELOPERS

4. New antiretroviral drug treatments -- like all new drugs -- must be licensed by the Ministry of Health before they can be prescribed. Fourteen ARV drugs (produced by GSK, MSD, Abbot, Roche, Boehringer, and Bristol Myers Squibb) have already been licensed. The national health insurance system maintains a separate list of drugs approved for tax exemption; thirteen ARV drugs are already tax-exempt, while the insurance system is in negotiations directly with the manufacturer on offering the last licensed drug tax-free. Croatia's leading immunologist and Vice President of the National HIV/AIDS Committee Dr. Josip Begovac criticized the slow procedure for registering new drugs and expressed hope that the GoC would eventually accept EU licensing rather than requiring a separate national procedure. Ministry of Health officials conceded that developers have little financial incentive to register new ARVs on the Croatian market -- the registration process is cumbersome and expensive and the potential payoff is small given the small domestic market for ARV drug therapy. Croatian law also allows for case-by-case approval of unlicensed drugs in certain emergency situations; forty AIDS patients are currently received drug treatment under this provision.

LITTLE INTEREST IN COST-CUTTING PROSPECTS

5. Two proposals -- importing generic ARV drugs or

collaborating with BiH and SaM on a regional drug market -- might have the potential to depress high drug prices, but so long as the health insurance system can afford care the GoC has little interest in pursuing either option. Importing generics has never been seriously considered by health professionals, since the GoC has never complained about high drug costs. Begovac also noted WHO concerns about the safety of certain ARV generics from India as well as concern by national pharmaceutical giant Pliva about establishing a precedent of importing cheaper generics. Regarding a

regional drug market, the small size of the Bosnian ARV market means SaM is the only possible partner for Croatia to join with to negotiate down drug prices. GoC health officials are skeptical that even an expanded market of 1,000 cases would translate into enough savings to justify dealing with the "hectic" health situation in Belgrade. According to Begovac, "Croatsians are used to a high quality of health care -- it is an accepted right that is not going to change easily."

16. This cable was coordinated with U.S. Embassies Sarajevo and Belgrade.
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